



Rights Issue Offer Document

Lincoln Minerals Limited

ABN 50 050 117 023

A pro rata non-renounceable rights issue of 1 New Share for every 7 Existing Shares held at the Record Date at an issue price of \$0.15 per New Share to raise up to approximately \$2.5 million. The Offer is partially underwritten to the extent of \$2,000,000.

This Offer Document is not a Prospectus.

It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered under this Offer Document.

This document is important and requires your immediate attention.

It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

This Offer opens on 18 February 2011 and closes at 5.00 p.m. ACDST on 4 March 2011.

Valid acceptances must be received before that time. Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

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Important dates

Event	Date
Announcement of Offer	3 February 2011
Lodgement Date	4 February 2011
- Appendix 3B lodged with ASX	
Lodgement of cleansing notice with ASX	4 February 2011
Despatch of Shareholder Notice	7 February 2011
Ex Date	8 February 2011
- The date on which Existing Shares commence trading without the Entitlement to participate in the Offer	
Record Date	14 February 2011
- The date for determining Entitlements of Eligible Shareholders to participate in the Offer (7.00pm Sydney local time)	
Offer Document sent to Shareholders	18 February 2011
- Anticipated despatch of Offer Document and Entitlement and Acceptance Forms	
- Offer opens	
Closing Date	4 March 2011
- The last day for receipt of Entitlement and Acceptance Forms (5.00pm ACDST)	
New Shares quoted on a deferred settlement basis	7 March 2011
Under-subscription notification to ASX (if any)	9 March 2011
Allotment Date	15 March 2011
Expected commencement of normal trading in New Shares on ASX	16 March 2011
Anticipated despatch date of holding statements for New Shares	18 March 2011

The above dates and times are indicative only. All times and dates are a reference to Australian Central Daylight Saving Time (ACDST) unless otherwise stated. Lincoln Minerals reserves the right to vary any of the above dates and times, including closing the Offer early or extending it subject to the Corporations Act, ASX Listing Rules and other applicable laws.

Key offer statistics

Issue Price per New Share	\$0.15
Total number of New Shares available under the Offer	16,708,563*
Maximum total of Lincoln Minerals shares on issue following the Rights Issue	133,668,501*
Maximum total proceeds of the Offer (before expenses of the Offer)	\$2,506,284

* Based on Shares on issue at 4 February 2011 and is subject to the issue of any further Shares pursuant to the exercise of any Options prior to the Record Date.

Key issues

Question	Answer	Where to find more information – section(s)
Who is the issuer?	Lincoln Minerals Limited	
What is the Offer?	Non-renounceable pro rata rights issue to raise approximately \$2.5 million (before expenses of the Offer).	Section 1.1
Terms of the Offer	<p>1 New Share for each 7 Existing Shares at an issue price of \$0.15 per New Share.</p> <p>As the issue is non-renounceable, Eligible Shareholders do not have the right to sell their Entitlements. Eligible Shareholders have the opportunity to subscribe for all, part or none of their Entitlement to New Shares. Eligible Shareholders may apply for a greater number of Shares than their Entitlement. The Directors reserve the right to issue any New Shares not taken up by Eligible Shareholders at their discretion.</p>	Sections 1.1 and 2
Use of net proceeds	<ul style="list-style-type: none"> To provide funding for further exploration at the Gum Flat iron ore project, To provide funding for further feasibility studies at the Gum Flat iron ore project, and To provide funding for exploration work on the Company's other exploration licences. 	
Who can invest?	Eligible Shareholders of Lincoln Minerals as at 7.00 pm Sydney local time on the Record Date (14 February 2011).	Section 1.1
What are the potential significant risks?	<p>The significant risks specific to an investment in Lincoln Minerals include:</p> <ul style="list-style-type: none"> inherent risks in exploration; foreign currency risks; fluctuations of commodity prices; and other risks as set out in section 4. <p>If you do not accept all of your Entitlement, your shareholding in Lincoln Minerals will be diluted with respect to your right to future earnings and net assets of Lincoln Minerals.</p>	Section 4

Question	Answer	Where to find more information – section(s)
What are the expenses payable by Lincoln Minerals?	The maximum total expenses of the Offer are expected to be approximately \$182,425 (inclusive of GST), assuming the Offer is fully subscribed.	Section 5.1
How can further information be obtained?	If you require advice as to whether to accept your Entitlement, you should read the continuous disclosure announcements on Lincoln Minerals' website or seek professional advice from your legal, investment or other professional advisor.	
Are there any Broker Handling Fees?	No.	
Offer Date	This Offer dated 4 February 2011.	
How do I apply for New Shares?	Return your Entitlement and Acceptance Form and cheque before 5.00pm ACDST on 4 March 2011 to: <i>By mail:</i> Lincoln Minerals Limited C/- Computershare Investor Services Pty Ltd GPO Box 2987 ADELAIDE SA 5001 <i>Alternatively, payment can be made by BPAY®:</i> By following the instructions set out on the Entitlement and Acceptance Form.	Section 2.4 and 2.5

Important information

This Offer Document is not a Prospectus

It does **not** contain all of the information that an investor would find in a prospectus or which may be required to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this Offer Document. It has not been and will not be lodged with ASIC. Neither ASIC nor ASX or their respective officers takes any responsibility for the content of this Offer Document or for the merits of the investment to which this Offer relates.

As an Eligible Shareholder of Lincoln Minerals this Offer Document is important and requires your immediate attention

You should read the entire Offer before deciding whether to invest in the New Shares. Please carefully read the instructions on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement under the Offer. If you have any questions regarding your Entitlement or the Offer, please contact your legal, investment or other professional adviser.

Professional advice

The information in this Offer Document is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Offer in its entirety before deciding whether to take up your Entitlement to New Shares. In particular, you should consider the risk factors that could affect the performance of Lincoln Minerals, some of which are outlined in Section 4. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to take up your Entitlement. If you have any questions you should seek professional advice from your legal, investment or other professional adviser.

Foreign jurisdictions

The distribution of this Offer in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Lincoln Minerals has decided that it is unreasonable to make the Offer to Shareholders who have a registered address in a country outside of Australia and New Zealand, having regard to the number of shareholders in such places, the number and value of the New Shares that would be offered and the substantial costs of complying with the legal and regulatory requirements in those jurisdictions.

Accordingly, this Offer does not constitute an offer or invitation in any place outside Australia and New Zealand where, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the New Shares or to otherwise permit an offering of the New Shares outside Australia and New Zealand. Residents of other jurisdictions

should consider doing so using Australian domiciled entities, including nominee companies affiliated with Australian broking firms.

No representations other than in this Offer

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied on as having been authorised by Lincoln Minerals or the Directors.

Future performance

Except as required by law, and only to the extent so required, none of Lincoln Minerals, its Directors or any other person warrants or guarantees the future performance of Lincoln Minerals or any return on any investment made pursuant to this Offer.

Privacy

By filling out the Entitlement and Acceptance Form to apply for New Shares, you are providing information to Lincoln Minerals (directly and/or via the Share Registry) that may constitute personal information for the purposes of the Privacy Act 1988 (Cth). Lincoln Minerals (and the Share Registry on its behalf) collects, holds and uses personal information provided on an Entitlement and Acceptance Form in order to assess your application and administer your holding of Shares.

If you do not provide the information requested in the Entitlement and Acceptance Form, Lincoln Minerals and the Share Registry may not be able to process or accept the form.

Access to your personal information may be provided to Lincoln Minerals' agents and service providers on the basis that they deal with such information in accordance with this privacy disclosure statement. You have a right to request access to the personal information that Lincoln Minerals holds about you subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Lincoln Minerals registered office at:

Lincoln Minerals Limited
28 Greenhill Road
Wayville, South Australia 5034

Defined terms and conditions

Certain terms and abbreviations used in this Offer Document are defined in the Glossary in Section 6.

References to Australian dollars or \$ are references to the lawful currency of Australia. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Offer Document are due to rounding.

Letter from the Chairman

Dear Shareholder,

On behalf of your Directors of Lincoln Minerals Limited, I am pleased to offer you the opportunity to participate in the pro rata non-renounceable rights issue which was announced by Lincoln Minerals on 3 February 2011 (**Rights Issue**).

Each shareholder eligible to participate in the Rights Issue will be entitled to subscribe for one New Share in the capital of the Company for every seven existing ordinary shares registered in their name at 7.00 pm Sydney local time on 14 February 2011 (the **Record Date**).

The one for seven pro rata non-renounceable rights issue to shareholders will raise approximately \$2.5 million (before costs) through the issue of up to 16,708,563 new fully paid ordinary shares (subject to the issue of any further shares pursuant to the exercise of any Options prior to the Record Date).

The New Shares will be issued at a cost of 15 cents per share, which is at approximately 25% discount to the last sale price of 20.0 cents recorded on ASX Limited prior to the date of the announcement of the Rights Issue.

It is intended that the net proceeds from the Rights Issue will be used for the following purposes:

- To provide funding for further exploration at the Gum Flat iron ore project,
- To provide funding for further feasibility studies at the Gum Flat iron ore project, and
- To provide funding for exploration work on the Company's other exploration licences.

The Rights Issue will be partially underwritten to the extent of \$2.0 million. However, the Directors reserve the right to issue any of the shortfall shares not underwritten at their discretion. Such placements, if any, must be made at not less than 15 cents per share and in accordance with the Australian Corporations Legislation and the ASX Listing Rules.

I recommend you seek independent investment advice from your stockbroker, accountant or other professional advisor before making any investment decision.

The Board of Lincoln Minerals looks forward to your participation in the Rights Issue.

Yours faithfully

RICHARD V RYAN AO
Chairman

About the Company's priority Projects

Gum Flat Project – Mine planning and further drilling

In 2010 the Company announced to ASX that it had upgraded its hematite and magnetite iron ore resources at its flagship Gum Flat iron ore project to a total 103 million tonnes Inferred and Indicated. Most of this is magnetite ore but it includes 0.9 million tonnes of direct shipping hematite ore (DSO) and 2.7million tonnes of lower grade hematite ore that could be beneficiated. Also in 2010, the Company completed a Scoping Study to determine the costs and feasibility of mining the hematite DSO followed by mining and beneficiation of the lower grade hematite and magnetite mineralisation.

The Gum Flat Iron Ore Project is on southern Eyre Peninsula within 20km of Port Lincoln, an existing port capable of handling Panamax ships up to 15m draft, and within 100km of a proposed new bulk minerals handling port planned for loading Cape-size ships at Sheep Hill.

Subject to proving sufficient reserves, obtaining suitable project finance, gaining access to appropriate port facilities and obtaining all necessary approvals, Lincoln Minerals proposes to begin exporting DSO in 2012 via the main wharf at Port Lincoln.

The company is currently considering a three-stage development option:

- Stage 1 – mine and export 500,000 tonnes per annum hematite DSO via Port Lincoln
- Stage 1b – mine ~1 million tonnes per annum (Mtpa) lower grade hematite and process to produce about 400,000 tonnes p.a. upgraded fines for export via Port Lincoln
- Stage 2 – mine 10 Mtpa magnetite and process onsite to produce 2 Mtpa high grade concentrate for export via Port Lincoln or maybe Sheep Hill.

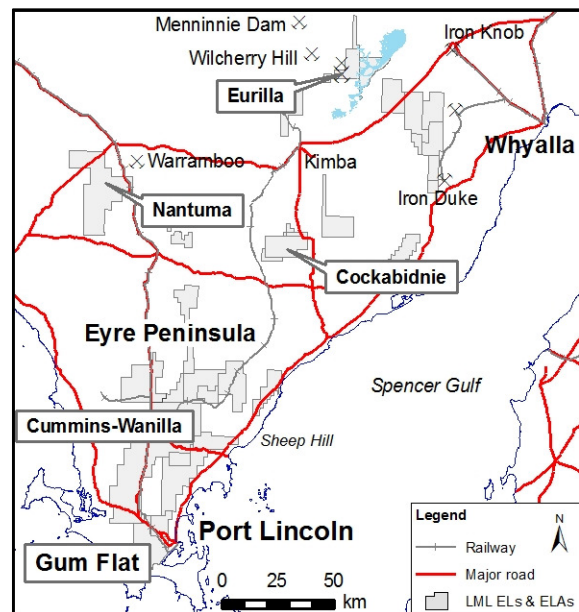
Timing:

- 2011 – prepare and lodge Mining Lease Application, MARP and development approvals
- Early 2012 – start mining
- Mid 2012 – start exporting from Port Lincoln
- 2013 – construct Stage 1b processing plant
- 2015 – commence Stage 2

The Company is currently drilling at Gum Flat to test extended targets within the same formation areas and to get more information on groundwater.

To date certain work has also commenced on preparation of a Mining Lease Application (MLA) for the Barns Prospect at Gum Flat. This includes detailed studies on groundwater, flora and fauna in surrounding areas, preliminary mine planning and community consultation. It is planned to complete the MLA in March 2011 so that it can be lodged with the South Australian Government in April 2011. The Government assessment process will take about 6 months during which time the Company will prepare a Mining and Rehabilitation Plan (MARF), undertake detailed studies and costing for upgrading lower grade hematite, and seek approvals for export of iron ore from Port Lincoln.

To progress this work and maintain an active exploration program to meet statutory requirements on other tenements, the Company requires further short term funding. The exploration program is focussing on iron ore and uranium at Eurilla, iron ore, copper and base metals in the Cummins-Wanilla area, nickel-cobalt at Cockabidnie and iron ore in an exciting new area under application at Nantuma adjacent to the Warramboe-Central Eyre Iron Project.



Information in this document that relates to exploration activity and results was compiled by Dr A John Parker who is a Member of the Australasian Institute of Geoscientists. Dr Parker is Managing Director of Lincoln Minerals Limited and has sufficient experience relevant to the styles of mineralisation and to the activities which are being reported to qualify as a Competent Person as defined by the JORC code, 2004. Dr Parker consents to the release of the information compiled in this document in the form and context in which it appears.

It is emphasized that exploration target tonnage estimates given in this document are entirely conceptual in nature. There has been insufficient drilling in the immediate areas of these targets and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

1 Details of the Offer

1.1 Description of the Offer

The Offer consists of a total of 16,708,563 New Shares offered by Lincoln Minerals by way of a pro rata non-renounceable rights issue to raise approximately \$2.5 million (before expenses of the Offer).

The Offer is explained in more detail in this Section 1.

The Offer is partially underwritten to the extent of \$2,000,000. The Directors reserve the right, at their discretion, to allocate any shortfall shares not underwritten. Refer Section 5.3

If you are an Eligible Shareholder, you are being offered an Entitlement to acquire 1 New Share for every 7 Existing Shares held as at the Record Date.

The Issue Price per New Share is \$0.15.

Your Entitlement to New Shares is rounded up to the nearest whole number. For rounding purposes, holdings in the same name are aggregated for the calculation of Entitlements.

Lincoln Minerals reserves the right to aggregate holdings where it believes holdings have been split in order to take advantage of this rounding. Lincoln Minerals also reserves the right to aggregate holdings held by associated Eligible Shareholders for the purpose of calculating Entitlements.

The Entitlements are non-renounceable, meaning you do not have the right to sell your Entitlement. You have the opportunity to subscribe for all, part or none of your Entitlement to New Shares.

1.2 Ranking of New Shares

The New Shares will be fully paid and rank equally in all respects with Existing Shares.

1.3 Opening and Closing Dates

The Company will accept Entitlement and Acceptance Forms from 18 February 2011 (**Opening Date**) until 5.00pm ACDST on 4 March 2011 (**Closing Date**) or such later date as the Directors in their absolute discretion shall determine, subject to the requirements of the ASX Listing Rules.

1.4 Allotment

Lincoln Minerals expects to allot all New Shares on 15 March 2011.

The allotment of New Shares to Applicants is expected to occur in accordance with the timetable on page 1. It is the responsibility of Applicants to determine their allocation prior to trading in New Shares. Applicants who sell New Shares before they receive their new holding statements following the issue of New Shares to them will do so at their own risk.

1.5 Acceptance

Lodgement of a completed Entitlement and Acceptance Form creates a legally binding contract between the Applicant and the Company for the number of New Shares applied for and is not revocable. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. If payment is made by BPAY® the Entitlement and Acceptance Form is not required to be completed as the payment of the application money is deemed to be acceptance by the Shareholder. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

1.6 Application monies

Until the time of allotment of New Shares, Lincoln Minerals will hold all application monies in relation to those New Shares in a purpose specific bank account. Interest earned on any application monies (whether or not allotment takes place) will remain the property of Lincoln Minerals.

1.7 Foreign Shareholders

This Offer is made only to Shareholders with a registered address in Australia or New Zealand.

Lincoln Minerals is of the view that it is unreasonable to make the Offer to other overseas Shareholders (ie. those without registered addresses in Australia or New Zealand) (**Foreign Shareholders**) having regard to:

- the number of Foreign Shareholders;
- the number and value of New Shares that would be offered to Foreign Shareholders; and
- the cost of complying with overseas legal requirements.

This Offer does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Lincoln Minerals is not required to make offers under this Offer Document to Foreign Shareholders. Where this Offer Document has been dispatched to Shareholders domiciled outside Australia or New Zealand and where the country's securities code and/or legislation prohibits or restricts in any way the making of the offers contemplated by this Offer, this Offer Document is provided for information purposes only.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Offer does not breach regulations in the relevant overseas jurisdiction.

Return of a duly completed Entitlement and Acceptance Form will be taken by Lincoln Minerals to constitute a representation that there has been no breach of such regulations.

1.8 Taxation

The taxation consequences of investing in the New Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation

consequences of an investment in Lincoln Minerals. If you are in doubt as to the consequences of an investment, you should consult with your taxation or other professional adviser before investing.

1.9 ASX official quotation of New Shares

The Company will apply to ASX for official quotation of the New Shares. If ASX does not grant permission for official quotation of the New Shares, all Application Monies will be returned, without interest, as soon as practicable.

1.10 CHESS

The Company participates in the Clearing House Electronic Sub-register System (CHESS) operated by ASX Settlement Pty Ltd (**ASTC**), a wholly owned subsidiary of ASX, in accordance with the ASX Listing Rules and ASTC Settlement Rules.

Under CHESS, the Company will not issue certificates to Applicants. Instead, Applicants will receive a statement on their holdings in the Company of New Shares.

If the Applicant is broker sponsored, the ASTC will send them a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Offer Document, provide the details of a Shareholder's holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

If you are registered on the issuer sponsored sub-register, your statement will be dispatched by the Share Registry and will contain the number of New Shares issued to you under this Offer Document and your security reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may apply for additional statements.

1.11 Enquiries

If you require advice as to whether to accept your Entitlement, you should seek professional advice from your legal, investment or other professional adviser.

2 Action required by Eligible Shareholders

2.1 What Eligible Shareholders may do

The number of New Shares to which Eligible Shareholders are entitled (your Entitlement) is shown on the accompanying Entitlement and Acceptance Form. You may apply for additional New Shares in the event of a shortfall by completing the appropriate box on your Entitlement and Acceptance Form. However, the Directors will have sole and absolute discretion to accept or reject in whole or in part any application for additional New Shares so applied for.

If you take up your full Entitlement under the Offer, you will not have your shareholding in Lincoln Minerals diluted.

As an Eligible Shareholder, you may:

- take up all of your Entitlement;
- take up part of your Entitlement and allow the balance to lapse (refer Section 2.3);
- allow all your Entitlement to lapse (refer 2.3).

Foreign Shareholders may not take any of the steps set out in Sections 2.2 to 2.5.

2.2 Taking up all of your Entitlement and applying for any additional New Shares (if any)

If you wish to take up all of your Entitlement (and apply for any additional New Shares), complete the accompanying Entitlement and Acceptance Form for New Shares (and any additional New Shares) in accordance with the instructions set out in that form – and follow the steps set out in Section 2.4.

2.3 Taking up part or none of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the steps required in accordance with Section 2.4. If you take no further action, the balance of your Entitlement will lapse. Your Entitlement is non-renounceable, which means that Eligible Shareholders who do not wish to accept some or all of their Entitlement cannot sell or trade all or part of their Entitlement. If you do not take up your full Entitlement, your shareholding in Lincoln Minerals will be diluted with respect to your right to future earnings and net assets of Lincoln Minerals.

2.4 How do I accept all, or part, of my Entitlement, including application for additional New Shares.

You may accept all or part of your Entitlement and apply for additional New Shares by following the instructions set out below.

You should read this Offer Document in its entirety before deciding to complete and lodge your Entitlement and Acceptance Form.

(a) Payment by Cheque

The relevant Entitlement and Acceptance Form must be accompanied by the Application Money which is payable by a cheque in Australian dollars drawn on an Australian branch of an Australian bank for the Issue Price of the New Shares for which application is made. All cheques must be made payable to 'Lincoln Minerals Limited – Offer Account' and crossed 'Not Negotiable'. Do not forward cash or money orders. Receipts for application monies will not be issued.

Completed Entitlement and Acceptance Forms and accompanying cheques must be returned to the following address and received no later than 5.00pm ACDST on 4 March 2011.

By mail:

Lincoln Minerals Limited
c/o Computershare Investor Services Pty Limited
GPO Box 2987
ADELAIDE SA 5001

By delivery:

Lincoln Minerals Limited
c/o Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
ADELAIDE SA 5000

A reply paid envelope is enclosed for your convenience. If mailed in Australia, no postage stamp is required.

Your completed Entitlement and Acceptance Form together with your Application Money must be received by Computershare by no later than 5.00pm ACDST 4 March 2011.

(b) Payment by BPAY®

A BPAY® option is also available. If you are accepting all or part of your Entitlement and payment is being made by BPAY®, you are not required to return the Entitlement and Acceptance Form. Your BPAY® payment must be received by no later than 5.00pm ACDST 4 March 2011.

If using the BPAY® payment option, you must contact your bank, credit union or building society to make payment from your cheque or savings account. Refer to the Entitlement and Acceptance Form for the Biller Code and Customer Reference Number. Shareholders who have multiple holdings will have multiple Customer Reference Numbers. Payment will only be accepted in Australian dollars drawn on an Australian bank.

2.5 Acceptance of applications under the Offer

Completing and lodging an Entitlement and Acceptance Form for the Offer or making a payment by BPAY® is an offer by you to Lincoln Minerals to subscribe for the number of New Shares so applied for at the Issue Price on the terms and conditions set out in this Offer Document and the Entitlement and Acceptance Form.

An application may be accepted in respect of the full amount applied for without further notice to the relevant Eligible Shareholder. Acceptance of an application will give rise to a binding contract with acceptance to take place upon quotation of the New Shares on ASX.

No stamp duty, brokerage or commission is payable by applicants.

3 Purpose and effect of the Offer

3.1 Overview

The Directors are proceeding with this Rights Issue for the purposes referred to in Section 3.2.

If the Rights Issue is fully subscribed:

- the New Shares issued pursuant to the Rights Issue will constitute approximately one eighth of the total number of issued Shares immediately after the allotment of the New Shares; and
- the maximum total number of Shares on issue after the Issue will be 133,668,501 (subject to the issue of any further shares pursuant to the exercise of any Options prior to the Record Date).

The Rights Issue will provide Lincoln Minerals with net proceeds of up to approximately \$2,506,284 before issue expenses of approximately \$182,425. Please refer to Section 3.3 for further information regarding the impact of the Rights Issue on the capital structure.

3.2 Purpose of the Offer and use of proceeds

The purpose of the Offer is to raise additional equity funding to enable Lincoln Minerals to meet its anticipated costs of exploration and development projects in South Australia.

The proceeds of the Offer will be predominantly used as follows:

- To provide funding for further exploration at the Gum Flat iron ore project,
- To provide funding for further feasibility studies at the Gum Flat iron ore project, and
- To provide funding for exploration work on the Company's other exploration licences.

3.3 Impact on Lincoln Minerals capital structure

The table in this section shows the current structure of Lincoln Minerals and the capital structure on completion of the Rights Issue:

	Number of shares
Existing Shares as at 8 February 2011	116,959,938
New Shares Assuming Full Subscription	16,708,563*
Total Shares Assuming Full Subscription	133,668,501*

* subject to increase following the exercise of any options prior to the Record Date. There are currently 4,760,000 options on issue.

4 Risk factors

4.1 Overview

There are a number of factors, both specific to Lincoln Minerals and of a general nature, which may affect the future operating and financial performance of Lincoln Minerals and the outcome of an investment in Lincoln Minerals.

There can be no guarantees that Lincoln Minerals will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised.

This section describes certain, but not all, risks associated with an investment in Lincoln Minerals. Prior to making an investment decision, prospective investors should carefully consider the following risk factors, as well as the other information contained in this Offer Document, in the Company's announcements on ASX, or of which they are otherwise aware.

4.2 Specific risk factors

(a) Share Market

Share market conditions may affect the listed Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- economic conditions and general economic outlook;
- changes in Australian and international stock markets;
- interest rates and inflation rates;
- currency fluctuations;
- commodity price fluctuation;
- changes in investor sentiment towards particular market sectors;
- taxation, government and monetary policies;
- the demand for, and supply of, capital; and
- war, terrorism or other hostilities.

(b) Commodity Price Volatility

Commodity prices inherently fluctuate and are affected by numerous factors beyond the control of the Company, including world demand for particular commodities, forward selling by producers and the level of production costs in major commodity producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, a commodity.

(c) Foreign Currency Risks

Commodities are principally sold throughout the world in USD. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian and US currencies and/or adverse movements in commodity prices could have a material adverse affect on the Company's operations, financial position (including revenue and profitability) and performance.

Lincoln Minerals has offered an off-take agreement to Jiangyin Huaxi Steel CO., LTD, a steel manufacturer based in China, for half of the Company's share of its Gum Flat iron ore production for up to five years, subject to availability of mineable reserves. The price payable will be referenced to the Hammersley iron ore price or equivalent index in USD. The offer has not been accepted at this stage.

(d) Economic Factors

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market prices. The Company's future possible profitability and the market price of its quoted Securities can be affected by these factors, which are beyond the control of the Company and its Directors.

(e) Government Policy

Changes in Government, monetary policies, taxation and other laws and actions (including such matters as access to lands and infrastructure, and compliance with environmental regulations) can have a significant influence on the outlook for companies and the returns to investors.

(f) Exploration

Exploration, by its nature, contains elements of significant risk. Ultimate success depends on the discovery and delineation of economically recoverable mineral resources, establishment of an efficient exploratory operation and obtaining of necessary government, statutory and other approvals. The exploration activities of the Company may be affected by a number of factors including, but not limited to, geological conditions, seasonal weather patterns, technical difficulties and failures, availability of the necessary drilling rigs, technical equipment and appropriately skilled and experienced technicians, adverse changes in government policy or legislation and access to the required level of funding.

There can be no assurance that the Company's exploration activities, or any other projects, tenements or databases that the Company may acquire in the future, will result in the discovery of any significant mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited.

(g) Operational Risk

Exploration activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of rigs and/or other equipment.

The occurrence of any of these risks could result in legal proceedings being instituted against the Company and substantial losses to the Company due to injury or loss of life, damage to or

destruction of property, natural resources, or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may give rise to claims against the Company.

(h) Tenure and Access

There is no guarantee that current or future applications, conversions or renewals of the mineral tenements in which the Company has an interest or potential interest will be approved. Tenement applications may result in a requirement for the Company to commence negotiations with the relevant landholders and/or indigenous representative bodies to gain access to the underlying land. There is no guarantee that such negotiations will be successful.

Tenements are subject to a number of State-specific legislative conditions including payment of rent and meeting minimum annual expenditure commitments. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister and may trigger native title negotiation rights. The inability to meet these conditions or triggering negotiation procedures in relation to any of the tenements comprising the Company's projects could affect the standing of a tenement or restrict its ability to be renewed, thereby adversely affecting the operations, financial position and performance of the Company.

(i) Environmental

The Company's Australian projects are subject to South Australian and Commonwealth laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which compromise its environmental performance and have financial implications.

(j) Native Title and Aboriginal Heritage and Sacred Sites

These matters can affect access to exploration areas and the conduct of exploration and development activities in Australia.

(k) Financing

The future capital requirements of the Company will depend on many factors including the results of the proposed exploration programmes. An inability to obtain additional funding (if required) would have a material adverse affect on the Company's business and the price of its Securities.

(l) Insurance

Insurance of all risks associated with mineral exploration and production is not always available and, where available, the cost can be high. The Company will have in place insurances considered appropriate for the Company's needs having regard to the cost of obtaining insurance and the Company's available funds. The Company may not be insured against all possible losses, whether because of the unavailability of cover or because the premiums may be excessive relative to the benefits that would accrue and the Company's available funds.

(m) Reliance on Strategic Partners

The Company has existing relationships, and may develop relationships in the future, with a range of strategic partners. Should the relationships with strategic partners deteriorate, or further suitable strategic partners not be identified, there is a risk that adverse effects to the profitability and growth prospects of the Company may result.

(n) Resource Estimates

Resource estimates are based on knowledge, experience and industry practice. Estimates are a necessary practice, and though valid when originally calculated, may change significantly and cease to be accurate when new information becomes available through additional fieldwork and analysis. Resource estimates are by their nature imprecise and to an extent depend on interpretation, which may result in inaccuracies. This may cause changes to exploration, development and mining plans which may adversely affect the Company's operations.

(o) Regulatory Approvals

The Company will require government regulatory approvals for its operations and must comply with those approvals and other applicable laws, regulations and policies. This may from time to time affect timing and scope of work to be undertaken and the cost of undertaking that work.

Any proposed tenements of the Company which may be under application, can be the subject of delays. This may require the Company to focus its exploration activities on granted tenements. Although the Company is not aware of any reason why applications will not be promptly granted (unless otherwise stated in this Offer Document), the application process is subject to the exercise of discretions and hence there is the risk of adverse outcomes.

(p) Reliance on Key Executives

The success of the Company is dependent upon retaining its current experienced personnel. Although key executives have fixed term employment contracts (subject to contractual or statutory termination rights), the continued involvement of certain key Directors, employees and consultants cannot be assured.

(q) Access to Infrastructure

The Company will require access to transportation infrastructure (road, rail and ports). Failure to obtain appropriate access or obtaining such access on prohibitive terms, will adversely affect the prospects of the Company.

5 Additional information

5.1 Expenses of the Offer

Expenses connected with the Offer will be borne by Lincoln Minerals. The approximate expenses of the Offer (including GST where applicable) including underwriting fees, legal fees, share registry fees, printing fees and other general costs are estimated to be \$182,425.

5.2 Disclosure

This Offer Document contains an Offer to subscribe for continuously quoted securities (as defined in the Corporations Act) of Lincoln Minerals and has been prepared in accordance with section 708AA of the Corporations Act. In broad terms, section 708AA relates to rights issues by certain companies that do not require the provision of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than that required in a prospectus. Eligible Shareholders should therefore rely upon their own knowledge of Lincoln Minerals, refer to disclosures already made by it to ASX, and refer to their professional adviser before deciding to accept the Offer.

5.3 Underwriting

The Rights Issue is partially underwritten to the extent of \$2,000,000 (**Underwritten Amount**) by Tigermoth Investments Limited, a company based in Singapore. However, the Directors reserve the right, at their discretion, to allocate, in accordance with ASX Listing Rules and the Corporations Act, any New Shares not taken up by the Underwriters or Eligible Shareholders.

Essential provisions of the Underwriting Agreement include:

- In addition to other customary rights of termination, the Underwriter may terminate the Underwriting Agreement if an event occurs which gives rise to a material adverse effect on the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company.
- The number of underwritten shares is 13,333,333 which is calculated by dividing \$2,000,000 by the Issue Price per New Share (which is 15 cents per New Share).
- The Underwriter is entitled to a management fee of \$20,000 plus an underwriting fee equal to 6% of the Underwritten Amount (i.e. \$120,000), although this is reduced by 6% of the value of any New Shares taken up by either the Underwriter or the Directors in their respective capacities as shareholders of the Company.

6 Glossary

ABN means Australian Business Number.

ACDST means Australian Central Daylight Saving Time.

Applicant means an Eligible Shareholder who submits an Entitlement and Acceptance Form.

Application Money means the monies received from persons applying for Shares pursuant to the terms of the Offer.

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement Pty Ltd (ABN 49 008 504 532)

ASTC Settlement Rules means the operating rules of the ASTC and, to the extent they are applicable, the operating rules of the ASX and the operating rules of the Australian Clearing House Pty Ltd.

ASX means the ASX Limited (ABN 98 008 624 691).

ASX Listing Rules means the listing rules of ASX.

Board means the board of directors of Lincoln Minerals Limited.

Business Day means a day on which ASX is open for trading.

Company means Lincoln Minerals Limited (ABN 50 050 117 023).

Closing Date means 4 March 2011.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of Lincoln Minerals Limited as set out in Section 7.

Eligible Shareholder means a person who is a Shareholder on the Record Date who is not a Foreign Shareholder.

Entitlement means the non-renounceable right of an Eligible Shareholder to subscribe for New Shares under the Offer.

Entitlement and Acceptance Form means the personalised form attached to or accompanying this Offer.

Existing Shares means Shares on issue on the Record Date for the Offer.

Foreign Shareholder means a Shareholder described in Section 1.7.

GST means goods and services tax.

Issue Price means the issue price of \$0.15 per New Share.

Lincoln Minerals means Lincoln Minerals Limited (ABN 50 050 117 023).

New Shares means the Shares offered under this Offer.

Offer means the offer of Entitlements to New Shares under this Offer.

Offer Period means the period starting on 18 February 2011 and ending at 5.00pm ACDST on the Closing Date.

Offer Document means this document and any supplementary or replacement offer document.

Option means a right to subscribe for a Share.

Record Date means the date for determining Entitlements under the Offer, being 7.00pm. Sydney local time on 14 February 2011.

Rights means the right to subscribe for New Shares under this Offer Document.

Rights Issue means the issue of New Shares upon receipt of valid acceptances under this Offer.

Securities means Shares and Options.

Shareholder means a holder of Shares.

Share Registry means Computershare Investor Services Pty Limited.

Shares means ordinary shares in Lincoln Minerals Limited.

Underwriter means Tigermoth Investments Limited.

Underwriting Agreement means the underwriting agreement entered into between the Company and Tigermoth Investments Limited on 29 October 2010 and which was varied by mutual agreement on 27 January 2011.

USD means dollars of the currency of the United States of America.

\$ and **AU\$** means Australian dollars.

7 Directory

Directors

Richard V Ryan AO, Chairman
Dr A John Parker, Managing Director
Peter E Cox
Robert A Althoff
Eng H Lim

Company Secretary

Peter E Cox

Registered office

28 Greenhill Road
Wayville, South Australia 5034

Phone: (61 8) 8274 0243
Facsimile: (61 8) 8274 0242

Website address

www.lincolnminerals.com.au

Auditor

KPMG
151 Pirie Street
Adelaide, South Australia 5000

ASX code

LML

Lawyers

Hunt & Hunt Lawyers
12th Floor, 26 Flinders Street
Adelaide, South Australia 5000

Share Registry

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide, South Australia 5000

Phone: 1300 365 998 (within Australia)
+61 3 9415 4611 (outside Australia)